

Good morning, my name is Marie Lenane and I am a Purchase of Service Policy Analyst at the Executive Office of Health and Human Services. I am here to present staff testimony on proposed amendments to 101 CMR 427.00: Rates for Certain Youth and Young Adult Support Services. These services are purchased by the Department of Children and Families as young parent support services, conflict of interest services, and Alternative to Lock-up services; by the Department of Public Health as teen pregnancy prevention services; and by the Department of Mental Health as therapeutic day services.

Amendments to this regulation are being proposed at this time in accordance with M.G.L. Chapter 118E, Section 13D, which requires the Secretary of the Executive Office of Health and Human Services to establish by regulation and biennially review the rates of payment by governmental units for social service programs.

The proposed amendments update the rates for certain youth and young adult support services by a cost adjustment factor (or “CAF”) of 2%. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2020 Forecast, optimistic scenario. The CAF reflects the period between the rates’ base period (calendar year 2021 second quarter) and the prospective period fiscal years 2022 and 2023.

The rates in this regulation have been updated to incorporate an employer and employee contribution required by the Massachusetts paid family and medical leave law. As part of the workforce initiative, staff salaries, with the exception of the program management positions, which have been benchmarked to the Massachusetts Bureau of Labor Statistics median wages for 2017/2018. The management salaries have been benchmarked to the FY19 Uniform Financial Statements and Independent Auditor’s Reports (or “UFRs”) weighted average for management positions. The programmatic expenses have also been benchmarked to the FY19 UFR, where applicable. The tax and fringe rate has been benchmarked to 22.40% and the administrative allocation has been benchmarked to 12%. The separate workforce initiative rate has been removed from the regulation because the workforce goal of the rate review has been met with the incorporation of Bureau of Labor Statistics benchmarking into the rates.

Additionally, a new rate is being established for the teen pregnancy program to provide a rate for remote/virtual delivery of services within the communities served. Lastly, a new rate for direct care III add-on for the therapeutic day service is being incorporated to allow for service delivery flexibility.

The estimated FY22 annualized cost to state government from the increase in rates established by these proposed amendments is \$791,579, which represents an increase of 5.47% over FY20 spending of approximately \$14.5 million.

This concludes my testimony. Thank you.